

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1851-01  
Bill No.: HB 787  
Subject: Taxpayers Surplus Trust Fund; Office of Administration  
Type: Original  
Date: April 17, 2001

---

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>
Various	(\$42,500,374)	\$0	\$0
Taxpayers Surplus Trust Fund	\$42,500,374	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>
None			
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>
<b>Local Government</b>			

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of Administration (COA)** state that the proposal is based on the inaccurate premise that appropriations lapse provides cash that can be transferred to the "Taxpayers Surplus Trust Fund." Appropriation lapse is not equivalent to a fund's cash balance. If a fund has no cash, it cannot make payments even if it has an appropriation in the budget. COA notes that there are a number of revolving funds that are identified by the proposed legislation's methodology that will not have cash to transfer to the "Taxpayers Surplus Trust Fund."

COA assumes that the proposal language refers to appropriation lapse (unexpended appropriations), total lapse is not calculated until after fiscal year end which was August 31, 2000, not June 30 as stated in the proposal. In fiscal year 2000, agencies were allowed to spend appropriations (approximately \$500 million) during the "lapse period" which consisted of July and August 2000. COA states that this has been standard practice in Missouri state government for decades. Using the date of June 30 is inconsistent with the budget and accounting processes of the state. For purposes of the cost of this fiscal note, COA used appropriation lapse as of August 31, 2000. The fiscal year 2000 appropriation lapse does not include Capital Improvements and Reappropriations that are appropriated for two years. COA notes that the calculations that they provided in response to the proposal bear no relationship to the cash that could be transferred to the "Taxpayers Surplus Trust Fund."

**Oversight** assumes for fiscal note purposes that Article X Distributions would be made in FY 2002.

Officials from the **Department of Revenue (DOR)** assume that the Office of Administration will estimate the general revenue impact. DOR assumes that if the Supreme Court rules that additional refunds are due, the DOR will need postage funding in the amount of \$615,048 for the possible 2.4 million refund checks that will be issued.

DOR assumes that the distribution will be paid on the tax liability of the income tax return ending the year that the Supreme Court case is decided. Therefore, no additional programming will be required. However, if the decision is made to go back on all of the prior years that Article X distributions were made, then additional programming will be needed and will be requested during the normal budget process.

**Oversight** assumes that postage costs would be a result of the impending court decision, not as a result of passage of this legislation.

### ASSUMPTION (continued)

Officials from the **Departments of Economic Development, Mental Health, Natural Resources**, and the **State Treasurer's Office**, defer to the Office of Administration (COA) to respond to this proposal. It is their understanding that COA submitted a response for all departments.

Officials from the **Secretary of State's Office** assume that the impact of this proposal is unknown.

Officials from the **Office of the Attorney General** assume that any costs resulting from this proposal can be absorbed with existing resources.

Officials from the **State Lottery Commission**, assume that the proposal does not affect their agency because the State Lottery Fund and the Lottery Proceeds Fund are mandated by the Constitution.

Officials from the **Department of Transportation** assume no fiscal impact due to all of their funds being constitutionally mandated, available for federal match, or related to federal reimbursements.

Officials from the **Departments of Higher Education, Labor and Industrial Relations, Conservation, Elementary and Secondary Education, Social Services, Public Safety, State Gaming Commission, State Tax Commission, Office of the Lieutenant Governor, Office of the State Auditor** assume the proposed legislation would either have no or minimal fiscal impact on their agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<b>VARIOUS STATE FUNDS*</b>			
<u>Transfers Out</u> - To "Taxpayer Surplus Trust Fund"	(\$42,500,374)	\$0	\$0
ESTIMATED NET EFFECT ON STATE FUNDS	<u><b>(\$42,500,374)</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>

**\*Various state funds may include General Revenue**

#### **TAXPAYER SURPLUS TRUST FUND**

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<u>Transfers In</u> - From Various State Funds	\$42,500,374	\$0	\$0
ESTIMATED NET EFFECT ON TAXPAYERS SURPLUS TRUST FUND	<u><u>\$42,500,374</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2002 (10 Mo.)	 FY 2003	 FY 2004
	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal requires the Commissioner of Administration to list all existing funds of the state, other than funds mandated by constitutional provisions or which were set up to accumulate amounts used to match federal fund sources. The commissioner is to determine which funds, as of July 1, 2000, contain moneys which have lapsed and were not used for the purposes for which they were appropriated.

Twenty-five percent of the funds identified by the commissioner are to be transferred to the Taxpayers Surplus Trust Fund, which is created by the proposal. The moneys in the fund are to be distributed pursuant to Article X of the Missouri Constitution (Hancock Amendment), as may be required as a result of any disposition by the Missouri Supreme Court in the case of Francis Flotron and Gary Marble v. Wilson and Missouri Merchants and Manufacturers Association v. State of Missouri.

Any unexpended moneys remaining in the Taxpayers Surplus Trust Fund after making all distributions pursuant to Article X of the Missouri Constitution are to be transferred to the General Revenue Fund.

The provisions of the proposal become effective upon determination of the Missouri Supreme  
DESCRIPTION (contiued)

Court in the case of Francis Flotron and Gary Marble v. Wilson and Missouri Merchants and

Manufacturers Association v. State of Missouri that Article X distributions are required and not otherwise.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration  
Department of Revenue  
Office of the State Auditor  
Office of the Lieutenant Governor  
Office of the Attorney General  
Secretary of State's Office  
State Treasurer's Office  
State Lottery Commission  
State Gaming Commission  
State Tax Commission  
Department of Conservation  
Department of Elementary and Secondary Education  
Department of Transportation  
Department of Labor and Industrial Relations  
Department of Public Safety  
Department of Higher Education  
Department of Economic Development  
Department of Mental Health  
Department of Natural Resources  
Department of Social Services

NOT RESPONDING

Department of Corrections



Jeanne Jarrett, CPA  
Director

April 17, 2001